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It's Arabs' Turn To Wait in Line At Gas Station

Intelligence sources report, with some amusement, that gasoline lines have been forming recently in the United Arab Emirates.

The UAE is a collection of oil-rich sheikdoms on the Persian Gulf. With a per capita income of \$27,000, cash reserves in the tens of billions of dollars and a bevy of prodigal princelings, the emirates are the stereotype of the oil-rich Arab countries that were the target of so much teeth-grinding anger and frustration for American motorists as they waited in gas lines in 1974 and 1979.

How is it possible that gas lines—the dramatic manifestation of shortages—have formed in a country that's sitting on one of the world's biggest oil reserves? The irony is delightful. The emirates' gas lines are caused by the worldwide oil glut that was so largely the result of the oil cartel's greed.

Here's what happened:

Like all the oil-exporting countries, the UAE has sustained a huge drop in revenues as world oil prices plummeted over the past year or so. And like the other Arab sheikdoms, the UAE had committed itself to

extravagant expenditures that depended on continuing high prices.

When their income fell, the emirates had two choices, neither very appealing: cut back on spending or dip into their huge cash reserves. Risking the wrath of the populace, the UAE decided to slash its budget drastically. Ambitious public projects were put on hold; free-spending princes and royal hangers-on were brusquely shoved away from the public trough.

It still wasn't enough.

So the government adopted a tactic familiar to millions of lesser mortals in hard times: it stopped paying its bills. Even to itself. The state-owned oil company couldn't collect from some of its biggest customers, the various government ministries.

In desperation, the state oil company went to work on its other block of domestic customers, the gas station owners. They were told they would get no more gasoline until they paid their old bills. Even worse, they would have to pay cash in advance for any new deliveries.

It was too much for many dealers. They simply closed up shop. Others could scrape together only enough for small shipments of gas.

Bingo! A shortage of gasoline, long lines at the pumps.

Intelligence sources told my associate Lucette Lagnado that the United Arab Emirates' "oil crunch" is not only artificial, but certainly tempo-

rary. They warn, though, that this outward sign of governmental incompetence could mean deeper trouble ahead.

In fact, some analysts question the basic stability of a regime that allowed itself to get into such a pickle in the first place, and shows so little skill in extricating itself. There are reports, for example, that the royal families are investing big chunks of their shrunken incomes drilling for still more oil to feed into the glutton world market.